

Message Text

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ACTION EA-09

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FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 7985

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

UNCLAS SINGAPORE 2735

E.O. 11652: N/A

TAGS: ECIN, PFOR, ASEAN, SN

SUBJECT: FOURTH ASEAN ECONOMIC MINISTERS MEETING, SINGAPORE

JUNE 27-28, 1977

REF: A. SINGAPORE 2665 B. SINGAPORE 2129

1. SUMMARY: PRIME MINISTER LEE KUAN YEW ON JUNE 27 OPENED
FOURTH ASEAN ECONOMIC MINISTERS MEETING BY CALLING FOR
INCREASED COORDINATION AND COOPERATION AMONG ASEAN COUNTRIES
TO SPUR INTRA-REGIONAL TRADE, TO OBTAIN LEVERAGE IN DEAL-
ING WITH INDUSTRIAL COUNTRIES, AND TO BE ABLE TO MORE
EFFECTIVELY RETALIATE AGAINST TRADING PARTNERS RESORTING
TO PROTECTIONIST MEASURES. END SUMMARY.

2. FOURTH ASEAN ECONOMIC MINISTERS MEETING OPENED AMED
SOME FANFARE IN SINGAPORE JUNE 27. THREE DAY MEETING
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REPORTEDLY WILL FOCUS ON PREFERENTIAL TARIFF ARRANGEMENT
SIGNED IN MANILA IN FEBRUARY, FIVE ASEAN INDUSTRIAL
PROJECTS, AS WELL AS A NUMBER OF RELATED SUBJECTS.
SINGAPORE, WHICH USUALLY FIELDS SMALLEST OF ASEAN
DELEGATIONS, IS REPRESENTED BY AN 18 MEMBER TEAM
HEADED BY FINANCE MINISTER HON SUI SEN. ALL IN ALL,
SOME 14 ASEAN ECONOMIC MINISTERS ARE REPUTED TO BE

AT MEETING. INDONESIAN DELEGATION IS HEADED BY WIDJOJO NITISASTRO, MINISTER OF TRADE AND INDUSTRY, AND INCLUDES MINISTER OF TRADE RADIUS PRAWIRO, MINISTER OF INDUSTRY YUSOF, AND COMMUNICATIONS MINISTER HAMIL SALIM. MALAYSIAN DELEGATION IS HEADED BY MINISTER OF TRADE AND INDUSTRY DATUK HAMZAH ABU SAMAH AND INCLUDES COMMUNICATIONS MINISTER V MANICKAVASAGAM. GOP REPRESENTED BY SECRETARY OF TRADE TROADIO QUIAZON, ECONOMIC PLANNING SECRETARY GERARDO SICAT, AND SECRETARY FOR INDUSTRY VINCENTE PATERNO. THAI DELEGATION INCLUDES COMMERCE MINISTER SUTHEE NARTHVORATHAS AND UNDER-SECRETARY FOR COMMERCE, MR VICHAIN.

2. PRIME MINISTER LEE KUAN YEW FORMALLY OPENED SESSION AT MID-DAY ON JUNE 27, INDICATING THAT ASSEMBLED MINISTERS AND DELEGATIONS HAD THEIR WORK CUT OUT FOR THEM. HE POINTED OUT THAT INTRA-ASEAN TRADE AS A PERCENTAGE OF TOTAL ASEAN TRADE HAD DROPPED FROM 15.5 PERCENT IN 1970 TO 12.6 PERCENT IN 1975 AND THAT THIS TRADE SHOULD GROW AS QUICKLY AS ASEAN'S TRADE WITH REST OF WORLD. IN SUPPORT OF THIS OBJECTIVE, HE CALLED FOR EARLY IMPLEMENTATION OF AGREEMENT ON PREFERENTIAL TRADING ARRANGEMENTS (PTA) SIGNED IN MANILA IN FEBRUARY. LEE INDICATED THAT MUCH OF U.S. \$21 BILLION OF ASEAN IMPORTS FROM REMAINDER OF WORLD COULD BE SATISFIED FROM WITHIN ASEAN AND SUGGESTED THAT MINISTERS

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SHOULD FOCUS THEIR EFFORTS ON IMPORT SUBSTITUTION POSSIBILITIES. BY IDENTIFYING SUCH PRODUCTS AND EXCHANGING TRADE PREFERENCES ON THEM, LEE ASSERTED NO ASEAN VESTED INTERESTS WOULD BE IMPACTED AND REGIONAL ECONOMIC COOPERATION COULD PROCEED WITH RELATIVELY LITTLE DIFFICULTY.

3. LEE ALSO TOOK UP CALL OF MALAYSIAN MINISTER HAMZAH, MADE ON HIS DEPARTURE FROM KUALA LUMPUR, FOR RETALIATORY ACTION BY ASEAN AGAINST COUNTRIES IMPLEMENTING PROTECTIONIST MEASURES. HE EXPRESSED UNDERSTANDING FOR SECTORAL PROBLEMS OF INDUSTRIALIZED COUNTRIES BUT INDICATED THAT DEVELOPING ASEAN COUNTRIES WERE LESS ABLE TO SUSSTAIN EFFECTS OF SUCH MEASURES, SINCE " UNEMPLOYMENT IS GREATER IN THE DEVELOPING COUNTRIES OF ASEAN" AND BECAUSE UNEMPLOYED CAN NOT BE CUSHIONED IN WAY THEY CAN IN INDUSTRIALIZED COUNTRIES. LEE SAID THAT ASEAN DIALOGUES WITH EC, JAPAN, AUSTRALIA, NEW ZEALAND AND CANADA, AND IN FUTURE WITH U.S., SHOULD BE USED TO "PRESS HOME THE DISRUPTIVE CONSEQUENCES OF THEIR PROTECTIONIST POLICIES ON OUR PEOPLES. FOR SUCH REPRESENTATIONS TO BE EFFECTIVE, WE IN ASEAN MUST AVOID

TRADE POLICIES WHICH ADVERSELY AFFECT EACH OTHER. FURTHER, OUR BARGAINING POSITION WILL BE STRENGTHENED IF WE CAN COORDINATE OUR IMPORT POLICIES TO COLLECTIVELY CLOSE OUR CONSOLIDATED MARKETS TO THOSE WHO UNREASONABLY AND UNILATERALLY SHUT OFF OUR EXPORTS."

4. LEE ALSO ADDRESSED ASEAN ECONOMIC AND TRADE TIES WITH JAPAN, AUSTRALIA AND NEW ZEALAND ALONG LINES VIRTUALLY IDENTICAL TO THOSE IN HIS MAY 6 INTERVIEW WITH MICHAEL RICHARDSON OF MELBOURNE AGE (REF B). IN SUM, HE PROPOSED A LOME CONVENTION-TYPE RELATIONSHIP BETWEEN JAPAN AND ASEAN, EMPHASIZING, HOWEVER, THAT THIS RELATIONSHIP COULD NOT INCLUDE REVERSE PREFERENCES, ALTHOUGH IT WOULD BE NECESSARY TO "GIVE JAPAN COMPENSATING UNCLASSIFIED

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ADVANTAGES".

5. WITH REGARD TO AUSTRALIA AND NEW ZEALAND, HE STATED MUCH WOULD DEPEND ON AUSTRALASIA'S PERCEPTIONS OF ASEAN'S GEOPOLITICAL IMPORTANCE LEE SAID HE BELIEVED THERE ARE ENOUGH MEN OF VISION IN BOTH AREAS WHO SEE ADVANTAGE TO DEVELOPING A COMPLEMENTARY ECONOMIC RELATIONSHIP.

6. CONCLUDING, LEE ASSERTED THAT ASEAN ECONOMIC MINISTERS MUST REACH "MAXIMUM COMMON GROUND AMONG THEMSELVES. IF WE TAKE A WIDER VIEW OF THE ECONOMIC AND POLITICAL DEVELOPMENTS OF THE REGION, WE CANNOT BUT FIND OURSELVES COMING TO SIMILAR CONCLUSIONS, PARTICULARLY ON THE NEED TO STRENGTHEN OUR LEVERAGE BY POOLING OUR MARKETS FOR COLLABORATION WITH INDUSTRIAL PARTNERS, OR RETALIATION AGAINST SELFISH PROTECTIONISM OF OUR TRADING PARTNERS. COORDINATION AND COOPERATION WILL WIDEN OUR ECONOMIC OPPORTUNITIES."

7. COMMENT. LEE'S EXHORTATIONS FOR GREATER COORDINATION AND COOPERATION ARE, OF COURSE, STANDARD FARE FOR SUCH MEETINGS; BUT POSSIBILITY SUCH EFFORTS COULD INCLUDE RETALIATORY ACTION IN EVENT OF FURTHER PROTECTIONIST MEASURES ON PART OF ASEAN'S TRADING PARTNERS IS A NEW ELEMENT WORTHY OF NOTE. FOR ALL WE KNOW, THIS PART OF LEE'S SPEECH MAY HAVE BEEN A LATE ADDITION DESIGNED TO EMPHASIZE MALAYSIAN MINISTER HAMZAH'S EARLIER CALL FOR RETALIATION BY ASEAN AGAINST AUSTRALIA. HOWEVER, LEE DID NOT SINGLE OUT ANY ONE INDUSTRIAL COUNTRY FOR CRITICISM BUT INCLUDED THEM ALL. HE ALSO CAUTIONED HIS ASEAN PARTNERS AGAINST ADOPTING POLICIES WHICH AFFECT EACH OTHER ADVERSELY. THERE IS A FEELING IN SINGAPORE THAT FORMER CRITICISM AND THREAT, PRIMARILY DIRECTED AGAINST AUSTRALIA, ARE OVERDUE. WHETHER ASEAN COUNTRIES WILL BE ABLE UNCLASSIFIED

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TO COORDINATE AND COOPERATE ON RETALIATORY TRADE MEASURES WITH
ANY GREATER SUCCESS THAT THEY HAVE BEEN ABLE TO AGREE ON POSI-
TIVE STEPS DESIGNED TO INCREASE THWUR ECONOMIC COHESION
REMAINS TO BE SEEN.
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